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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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MEXICO WILL EXPORT POULTRY MEAT TO JAPAN

The President of the National Farmers Confederation (CNC), Heladio Ramirez, indicated that Mexico will export 3,000 MT of poultry meat to Japan during 2004. Mr. Ramirez added that, with this new trade agreement, it is urgent that the Mexican Government support producers by investing in the agricultural sector in order to train them and to increase the level of infrastructure. During a meeting with the President of the Agricultural Committee of the Lower House, the need to take advantage of the trade opportunities with Japan was discussed, given that Mexico imports about 70 percent of its food products. (Source: La Jornada, 04/12/04)

NEGOTIATIONS TO EXPORT POULTRY TO THE U.S. WORKED OUT

The President of the Poultry Producers Association, Cesar de Anda, stated that the project to export valued-added poultry products and powder eggs to the United States has been worked out and by July Mexican producers can begin to export to that market. There have been negotiations with U.S. poultry producers and by the end of April Mexico expects that inspectors from the United States Department of Agriculture will have certified Mexican poultry plants. Currently there are only three plants authorized to export product to the United States; these are located in the states of Yucatan, Sinaloa, and Jalisco. Poultry exports were banned due the presence of Newcastle disease and salmonella, but Sinaloa, Sonora and Jalisco are free of these diseases and would be eligible to export value-added poultry products and processed eggs. (Source : Reforma 04/06/04)

BIOTERRORISM LAW INCREASES TRANSPORTATION COSTS

Mexican transportation costs for shipping food and medicines to the United States increased between 20 to 30 percent, due to the implementation of the U.S. Bioterrorism Law, indicated Leon Flores, President of the National Chamber of Cargo Transportation. Mr. Flores also said that inspections from the Food and Drug Administration at the U.S.-Mexican border have affected 5 percent of Mexican cargo transporters, as inspections delay the transportation units increasing costs. (Source: Reforma; 04/06/04)

MEXICAN AGRICULTURAL SECTOR ACCOMPLISHES RECORD SALES TO THE U.S.

Recently, the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) announced that the agricultural and livestock sector, with a dynamic 4-percent annual growth rate over the past three years, has been one of the strongest domestic

sectors in Mexico's economy. The sector exported 7.1 billion to the United States during 2003, a 13.2-percent increase over 2002 figures and a nearly 130-percent increase over 1993 figures. Currently, exports are expanding at a rate of 14 percent per year. (Source: La Jornada; 04/12/2004)

FARMERS GROUPS QUESTION NAFTA'S REPORT CONCLUSIONS

Growers organizations are questioning the conclusions of the report on the effects of NAFTA on Mexican agriculture, which was released by the Secretariat of Economy (SE) on April 5, 2004. These organizations also complained of the delay in publishing the report, as it defers for one year the possibility of modifying national agricultural policies and the federal budget. Groups such as the Permanent Agrarian Council (CAP) and "The Farmland Can't Stand Anymore" stated that they would insist on renegotiating NAFTA's agricultural chapter, due to the adverse impact it has had on campesinos, mainly on growers of basic grains. Also, the CAP disagreed with some of the report's conclusions, such as the increases in agricultural yields. Federico Ovalle, the CAP's coordinator, pointed out that CAP does not give any importance to this report, as the report does not discover anything new. "The report confirms that there is more poverty in the agriculture sector, but does not recognize that NAFTA caused it," he said. At the same time, the National Livestock Confederation (CNG) stated the report had an objective that was not achieved, that is, "to tell us what to do with NAFTA." According to CNG, it would have preferred to have a report that analyzed NAFTA's impacts by sub sector, such as the bovine one. (Source: El Financiero; 04/07/2004)

MEXICO'S IMPORT MEAT INSPECTION PROCEDURES DOUBTFUL

According to a local newspaper, the negligence of SAGARPA's inspectors at the border crossing points with the United States violate that agency's health controls which are intended to safeguard the healthfulness of products coming into the country. A visual and documentary investigation revealed that only two of five principal border crossing points comply with the Mexican Standard NOM-030. Raymundo Trejo, chief of the border crossing point at Nuevo Laredo, said that while reviewing the import paperwork of some shipments, some inspection irregularities were discovered. (Source: Reforma; 12/04/04)

A WAVE OF SHOPPING CENTER CONSTRUCTION SWEEPS MEXICO

An expert panel at a recent building show in Mexico noted that shopping center construction is on the rise across the country. He listed three major trends in shopping center construction: (1) Building of new shopping centers in medium sized cities like Puebla; (2) Building of new shopping centers in the three main metropolitan areas, Mexico City, Guadalajara and Monterrey, despite the apparent saturation of these markets; and (3) Building of theme shopping centers centered around subjects like sports or fashion. The panel noted two main driving forces in shopping center construction: (1) With half of the population under the age of 25, every year millions of new consumers enter the marketplace; and (2) Since 1994 the middle class has grown to about 30 million people (seven million families), according to the National Institute of Statistics, Geography and Information (INEGI). These two factors are causing an unexpected maturation of the Mexican service sector. (El Financiero: 4/12/04)

NAFTA DID NOT SLOW DOWN RURAL MIGRATION TO THE U.S.

The Government of Mexico (GOM) recognized in its report on the effects of NAFTA on Mexican agriculture, that NAFTA did not slow down rural migration. As a matter of fact, in 2002, the migration of Mexican farmers to the U.S. was 452-percent higher than in 1980.

The text indicates that other parallel factors, along with NAFTA, interacted to speed up migration, including the urbanization process and reforms to the Mexican agricultural policy, which were implemented in the mid 1980s. (Source: El Universal; 04/12/2004)

DAMS IN THE NORTH ARE AT MAXIMUM CAPACITY

Jorge Camacho, head of Nuevo Leon's Civil Protection Agency, stated that if the rains which are forecast continue, the government will request the National Water Commission (CNA) to release water from Nuevo Leon's dams, which are at their maximum capacity. Several dams of Coahuila and Tamaulipas also have a water surplus. Due to the surpluses in those dams, the CNA suggested to the U.S. State Department that approximately 600 millions of cubic meters of water of New Leon be devoted to paying off the pending water debt with United States. (Source: El Financiero; 04/12/2004)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

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MX4047	Weekly Highlights & Hot Bites, Issue #14	Public Distribution
MX4048	Poultry Ban Partially Lifted – Update # 2	Public Distribution

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